

**DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2000  
APRIL 2002**

**DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
FAX #: (401) 222-3973

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2000

**EXECUTIVE SUMMARY**

- The Judiciary should establish a statewide registry for all courts operating under the finance department in the Supreme Court, in order for the Finance Director to actually oversee all monetary policies and procedures.
- Administrators should establish a policies and procedures manual, or alternatively revise the courts existing outdated operations manual which was published in July 1977.
- The Judiciary should invoke the sanctions provided by R.I. General Laws 31-11-25 and 44-30.1-3 to leverage and enforce collection efforts when dealing with delinquent accounts receivable.
- District Court should work with the Supreme Court Administration to identify and correct inaccurate accounts receivable balances reported by the system.
- Procedures need to be developed to periodically verify and correct individual balances reported on the receivable listings to the balances contained in case files.
- System reports need to be developed to aid management in monitoring and assessing control activities related to accounts receivable.
- A formal accounting system for the bail/registry account should be established throughout the divisions to provide accountability, enhance financial reporting, and to conclusively demonstrate the discharge of the court's fiduciary responsibilities.
- An employee or a member of management who is independent of the cash receipting, disbursing, and recording functions for this account should perform bank reconciliations for the bail/registry account.

- Interest earned by the 6th Division's bail/registry account during the period from December 1998 through June 2000 totaling \$33,588.45 was not remitted to the General Treasurer.
- The total for individual bail and registry accounts is not reconciled to the checking account balance on deposit; consequently District Court cannot ensure that accounting integrity is being maintained within the fund.
- Bail and registry accounts should be reviewed periodically to identify active and inactive accounts. Those identified as inactive should be disposed of in accordance with RIGL 8-12-1.
- The cash balance on deposit in the 6<sup>th</sup> Division's bail/registry account is in excess of current needs. This account's average cash balance that was on deposit for the fiscal years 1996 through 2000 was \$1,014,000. At June 30, 2000, this account balance was \$1,284,861.98. The average annual increase to cash during this period was approximately \$102,000.
- District Court along with the Supreme Court Administration should make every effort to establish the bail/registry account as an imprest account to allow the state to maximize its earnings potential and to minimize control risk.

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2000

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FAX #: (401) 222-3973

April 4, 2002

The Honorable Albert E. DeRobbio  
Chief Judge of the District Court  
One Dorrance Plaza  
Providence, RI 02903

Dear Judge DeRobbio:

We have completed an audit of the District Court for the fiscal year ended June 30, 2000 in accordance with Sections 35-7-3 and 35-7-4 of the R.I. General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Robert L. Carl, Jr., Ph.D., Director, Department of Administration; Honorable Gordon D. Fox, Chairman, House Finance Committee; and to the Honorable Frank T. Caprio, Chairman, Senate Finance Committee.

Sincerely,

Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pp

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2000

**INTRODUCTION**

**Audit Scope and Objectives**

We conducted a financial audit of District Courts' agency funds for the fiscal year ended June 30, 2000.

Our audit extended to the following funds:

- Fees, Fines, and Costs Fund
- Bail, Bond, and Registry of Court Fund

The purpose of our examination was to determine whether:

- The financial statements of the agency funds for the fiscal year ended June 30, 2000 are presented fairly and in conformity with generally accepted accounting principles.
- The accounting systems and procedures being used are adequate, efficient, and effective.
- Controls and procedures are adequate to ensure that State revenues are properly collected and transmitted to the State Treasury.
- The Court is in compliance with applicable state laws and established rules and regulations.

**Background**

The district court system of Rhode Island consists of six divisions situated throughout various cities and towns pursuant to the Rhode Island General Laws; currently, there are four divisions located statewide. Each division serves as a local non-jury court with criminal jurisdiction over misdemeanors and lesser felonies. As a consequence of these precepts, the district court divisions:

- Hold arraignments for most criminal offenses committed in the state.
- Hold trials in misdemeanor offenses and violations.

- Hold preliminary hearings in felony matters.
- Hold hearings on commitments under the mental health and drug abuse laws.
- Have original jurisdiction in all civil matters in which the demand is less than \$10,000.
- Have jurisdiction in all small claims disputes. (Small Claims Court is designed to provide people with a quick, inexpensive way of settling money disputes of \$1,500 and under without having to hire a lawyer.)
- Have appellate authority to consider and render decisions on judgments initially rendered by several administrative agencies and boards.
- Have responsibility to enforce the provisions of housing codes throughout the state.

The Governor, with the advice and consent of the Judicial Nominating Committee, appoints the chief judge, twelve associate judges, and the chief clerk of the district court. There shall be a district court administrator/clerk who shall be appointed by the chief judge, and who shall hold office at the pleasure of the administrative judge. The chief judge of the district court appoints a deputy clerk for each division. The chief clerk has general supervisory power over the deputy clerks of the court and is responsible to the chief judge for the efficient operation of all divisions.

The deputy clerk of each division is responsible for:

- Keeping a docket and an alphabetical index of the docket consisting of actions, complaints and proceedings, either civil or criminal, brought before the court. Note must be made of the decisions against each case and the fines or imprisonment to which the defendant may have been sentenced.
- Taxing fines, costs, and officers' fees on all cases that might be entered, commenced, or pending in such division. This includes recognizance, bail, bond, and surety ordered to be paid to the court under a penalty of money forfeiture. (Subject to revision by a district court judge.)
- Receiving and accounting for all fines and costs (criminal costs), court fees (civil cases), and funds ordered by the court to be held in escrow pending disposition.
- Having custody of the seal of the division.



### Geographic Boundaries

In accordance with RIGL 8-8-2, the state is divided into six (6) divisions as follows:

First Division - the first division consists of Bristol County.

Second Division - the second division consists of Newport County.

Third Division - the third division consists of Kent County, the City of Cranston, and the towns of Johnston, Scituate, and Foster.

Fourth Division - the fourth division consists of Washington County.

Fifth Division - the fifth division consists of the cities of Woonsocket, Pawtucket, and Central Falls and the towns of Lincoln, Cumberland, Burrville, Glocester, Smithfield, North Providence, and North Smithfield.

Sixth Division - the sixth division consists of the City of Providence and the city of East Providence.

It is the responsibility of the Chief Judge to designate the place or places for holding court in each division.



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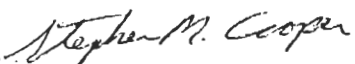
The Honorable Albert E. DeRobbio  
Chief Judge of the District Court  
State of Rhode Island

We have audited the combined financial statements of the agency funds of the District Court of Rhode Island as of and for the year ended June 30, 2000. These financial statements are the responsibility of the court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with *Standards for the Professional Practice on Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the agency funds of the District Court of Rhode Island at June 30, 2000, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The other financial information included in Schedules 1 through 4 of this report is presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits  
November 15, 2000

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
COMBINED BALANCE SHEET  
JUNE 30, 2000

|                       | <u>Fees, Fines<br/>and<br/>Costs Fund</u> | <u>Bail, Bond and<br/>Registry of<br/>Court Fund</u> | <u>Total</u>         |
|-----------------------|---|--|----------------------|
| <u>ASSETS</u>         |   |  |                      |
| Cash                  | \$ -                                      | 1,614,913.25   | 1,614,913.25         |
| Accounts Receivable   | 8,919,836.78                              |  | 8,919,836.78         |
| Due from General Fund | <u>-</u>                                  | <u>2,630.61</u>                                      | <u>2,630.61</u>      |
| Total Assets          | <u>\$ 8,919,836.78</u>                    | <u>1,617,543.86</u>                                  | <u>10,537,380.64</u> |
| <u>LIABILITIES</u>    |   |  |                      |
| Due to General Fund   | \$ -                                      | 37,862.50  | 37,862.50            |
| Due to Others         | -   | 1,579,681.36   | 1,579,681.36         |
| Deferred Revenue      | <u>8,919,836.78</u>                       | <u>-</u>   | <u>8,919,836.78</u>  |
| Total Liabilities     | <u>\$ 8,919,836.78</u>                    | <u>1,617,543.86</u>                                  | <u>10,537,380.64</u> |

See accompanying notes to financial statements.

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2000

|                            | Fees, Fines<br>and<br><u>Costs Fund</u> | Bail, Bond and<br>Registry of<br><u>Court Fund</u> | <u>Total</u> |
|----------------------------|---|--|--------------|
| <u>Cash Receipts</u>       |   |  |              |
| Cash Bail                  | \$ -                                    | 1,732,986.77                                       | 1,732,986.77 |
| 10% Surety                 | -                                       | 570,463.50   | 570,463.50   |
| Bond/Private Complaint     | -                                       | 650.00   | 650.00       |
| Registry Of Court          | -                                       | 87,128.58  | 87,128.58    |
| Miscellaneous              | 13,638.89                               | 47,640.87  | 61,279.76    |
| Fines                      | 740,105.16                              | -  | 740,105.16   |
| Officer Fees/Costs         | 36,473.89                               | -  | 36,473.89    |
| Highway Assessment         | 224,028.78                              | -  | 224,028.78   |
| Emergency Medical Services | 3,758.00                                | -  | 3,758.00     |
| Civil Action Fees          | 31,725.00                               | -  | 31,725.00    |
| Entry Fees                 | 986,817.00                              | -  | 986,817.00   |
| Small Claims Fees          | 168,242.76                              | -  | 168,242.76   |
| Postage                    | 15,572.62                               | -  | 15,572.62    |
| Civil Appeals              | 43,245.32                               | -  | 43,245.32    |
| Certified Copies           | 3,177.56                                | -  | 3,177.56     |
| Surcharge                  | 168,689.90                              | -  | 168,689.90   |
| Banner                     | 2,346,993.33                            | -  | 2,346,993.33 |
| Administrative Appeals     | 6,160.00                                | -  | 6,160.00     |
| Court Improvement          | 3,227.50                                | -  | 3,227.50     |
| Bail/Bond Forfeiture       | 20,033.01                               | -  | 20,033.01    |
| Witness Fees               | 525.00                                  | -  | 525.00       |
| Constable Fees             | 20,330.00                               | -  | 20,330.00    |
| Registration Fees          | 1,070.00                                | -  | 1,070.00     |
| Bad Checks                 | 419.90                                  | -  | 419.90       |
| Cash Overage               | 52.10                                   | -  | 52.10        |
| Due Other Courts           | 31,625.00                               | -  | 31,625.00    |
| Drug                       | 71,391.00                               | -  | 71,391.00    |
| Support                    | 572,403.88                              | -  | 572,403.88   |
| Prostitution               | 13,348.50                               | -  | 13,348.50    |
| Warrant Assessment         | 226,911.99                              | -  | 226,911.99   |
| Domestic Abuse             | 34,053.60                               | -  | 34,053.60    |
| Violent Crimes             | 498,532.64                              | -  | 498,532.64   |
| City/Town Fines and Costs  | 1,059.00                                | -  | 1,059.00     |
| Overpayments               | 2,623.17                                | -  | 2,623.17     |
| Due Bail/Deposit Error     | 500.00                                  | -  | 500.00       |
| Error Adjustments          | 2,029.00                                | -  | 2,029.00     |
|                            | <hr/>                                   | <hr/>  | <hr/>        |
| Total Cash Receipts        | \$ 6,288,763.50                         | 2,438,869.72                                       | 8,727,633.22 |

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2000

|   | Fees, Fines<br>and<br><u>Costs Fund</u> | Bail, Bond and<br>Registry of<br><u>Court Fund</u> | <u>Total</u>        |
|---|---|--|---------------------|
| <u>Cash Disbursements</u>                                       |   |  |                     |
| Payment Of Fines & Costs  | \$ -                                    | 424,502.99   | 424,502.99          |
| Returned Bail   | -                                       | 650,908.81   | 650,908.81          |
| Bail/Surety Forfeiture  | -                                       | 49,838.51  | 49,838.51           |
| Transfer To Superior Court                                      | -                                       | 887,724.15   | 887,724.15          |
| Bond Return   | -                                       | 13,200.00  | 13,200.00           |
| Registry Of Court Return  | -                                       | 78,669.79  | 78,669.79           |
| Fines   | 740,105.16                              | -  | 740,105.16          |
| Officer Fees/Costs  | 36,549.89                               | -  | 36,549.89           |
| Highway Assessment  | 224,028.78                              | -  | 224,028.78          |
| Emergency Medical Services                                      | 3,758.00                                | -  | 3,758.00            |
| Civil Action Fees   | 1,018,542.00                            | -  | 1,018,542.00        |
| Small Claims Fees   | 168,242.76                              | -  | 168,242.76          |
| Postage   | 15,572.62                               | -  | 15,572.62           |
| Civil Appeals   | 43,245.32                               | -  | 43,245.32           |
| Certified Copies  | 3,177.56                                | -  | 3,177.56            |
| Surcharge   | 168,689.90                              | -  | 168,689.90          |
| Banner  | 2,346,993.33                            | -  | 2,346,993.33        |
| Administrative Appeals  | 6,160.00                                | -  | 6,160.00            |
| Court Improvement   | 3,227.50                                | -  | 3,227.50            |
| Bail/Bond Forfeiture  | 20,033.01                               | -  | 20,033.01           |
| Unclaimed Bail  | 958.96                                  | -  | 958.96              |
| Constable Fees  | 20,330.00                               | -  | 20,330.00           |
| Registration Fees   | 1,070.00                                | -  | 1,070.00            |
| Bad Checks  | 419.90                                  | -  | 419.90              |
| Cash Overage  | 189.68                                  | -  | 189.68              |
| Due Other Courts  | 35,516.00                               | -  | 35,516.00           |
| Drug  | 71,391.00                               | -  | 71,391.00           |
| Support   | 572,403.88                              | -  | 572,403.88          |
| Prostitution  | 13,348.50                               | -  | 13,348.50           |
| Warrant Assessment  | 226,911.99                              | -  | 226,911.99          |
| Domestic Abuse  | 34,053.60                               | -  | 34,053.60           |
| Violent Crimes  | 498,532.64                              | -  | 498,532.64          |
| City/Town Fines   | 800.00                                  | -  | 800.00              |
| City/Town Costs   | 259.00                                  | -  | 259.00              |
| Overpayments  | 2,600.67                                | -  | 2,600.67            |
| Due Bail/Deposit Error  | 500.00                                  | -  | 500.00              |
| Error Adjustments   | 11,151.85                               | -  | 11,151.85           |
| Miscellaneous   | -                                       | 72,411.69  | 72,411.69           |
|   | <u>6,288,763.50</u>                     | <u>2,177,255.94</u>                                | <u>8,466,019.44</u> |
| Total Cash Disbursements  |   |  |                     |
| Excess (Deficiency) Of Cash Receipts<br>Over Cash Disbursements | -                                       | 261,613.78   | 261,613.78          |
| Cash Balance, Beginning   | -                                       | 1,353,299.47                                       | 1,353,299.47        |
| Cash Balance, Ending  | \$ -                                    | 1,614,913.25                                       | 1,614,913.25        |

See accompanying notes to financial statements.

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
JUNE 30, 2000

**NOTES TO COMBINED FINANCIAL STATEMENTS**

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts of the District Court of Rhode Island are organized on the basis of funds, each of which is considered to be a separate accounting entity. The financial activities of the court are accounted for in agency funds.

Agency Funds - are used to account for the assets held by the court as an agent for individuals, private organizations, the general fund, and/or other funds.

Basis of Accounting

Agency funds are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency funds are custodial in nature and accordingly, at any given point in time, total assets are equally offset by related liabilities including amounts due to parties for whom the assets are being held.

Note 2 - Accounts Receivable

Accounts receivable are presented in the financial statements at amounts originally assessed. No provision has been provided for estimated uncollectible accounts in the combined financial statements. Accounts receivable are not considered available prior to their receipt, as such; they are equally offset by a deferred revenue account in the financial statements.

Note 3 -Deferred Revenue

This account is the offset to accounts receivable and is composed of accumulated unpaid fees, fines, and costs that will be recognized as revenue when the court receives payment.

DISTRICT COURT OF RHODE ISLAND  
FEES, FINES AND COSTS FUND  
COMBINING BALANCE SHEET  
June 30, 2000

|                     | <u>Second<br/>Division</u> | <u>Third<br/>Division</u> | <u>Fourth<br/>Division</u> | <u>Sixth<br/>Division</u> | <u>Total</u>        |
|---------------------|----------------------------|---------------------------|----------------------------|---------------------------|---------------------|
| <u>ASSETS</u>       |                            |                           |                            |                           |                     |
| Accounts Receivable | \$ 513,734.93              | 1,679,651.75              | 763,311.17                 | 5,963,138.93              | 8,919,836.78        |
| Total Assets        | <u>\$ 513,734.93</u>       | <u>1,679,651.75</u>       | <u>763,311.17</u>          | <u>5,963,138.93</u>       | <u>8,919,836.78</u> |
| <u>LIABILITIES</u>  |                            |                           |                            |                           |                     |
| Deferred Revenue    | \$ 513,734.93              | 1,679,651.75              | 763,311.17                 | 5,963,138.93              | 8,919,836.78        |
| Total Liabilities   | <u>\$ 513,734.93</u>       | <u>1,679,651.75</u>       | <u>763,311.17</u>          | <u>5,963,138.93</u>       | <u>8,919,836.78</u> |

DISTRICT COURT OF RHODE ISLAND  
FEES, FINES AND COSTS FUND  
COMBINING STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2000

|                            | <u>Second</u><br><u>Division</u> | <u>Third</u><br><u>Division</u> | <u>Fourth</u><br><u>Division</u> | <u>Sixth</u><br><u>Division</u> | <u>Total</u>     |
|----------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|------------------|
| <u>Cash Receipts</u>       |                                  |                                 |                                  |                                 |                  |
| Fines                      | \$ 55,882.31                     | 179,936.71                      | 95,812.28                        | 408,473.86                      | 740,105.16       |
| Officer Fees/Costs         | 3,475.50                         | 8,617.50                        | 5,804.27                         | 18,576.62                       | 36,473.89        |
| Highway Assessment         | 32,130.50                        | 38,567.50                       | 49,535.56                        | 103,795.22                      | 224,028.78       |
| Emergency Medical Services | 307.00                           | 963.50                          | 459.00                           | 2,028.50                        | 3,758.00         |
| Civil Action Fees          | -                                | -                               | 31,725.00                        | -                               | 31,725.00        |
| Entry Fees                 | 71,100.00                        | 131,447.00                      | 30,660.00                        | 753,610.00                      | 986,817.00       |
| Small Claims Fees          | 12,760.00                        | 26,105.24                       | 11,605.00                        | 117,772.52                      | 168,242.76       |
| Postage                    | 1,914.18                         | 2,401.71                        | 1,625.25                         | 9,631.48                        | 15,572.62        |
| Civil Appeals              | 2,780.46                         | 6,746.86                        | 4,240.00                         | 29,478.00                       | 43,245.32        |
| Certified Copies           | 188.00                           | 652.06                          | 631.00                           | 1,706.50                        | 3,177.56         |
| Surcharge                  | 11,905.46                        | 28,421.50                       | 20,861.73                        | 107,501.21                      | 168,689.90       |
| Banner                     | 241,406.57                       | -                               | 409,045.70                       | 1,696,541.06                    | 2,346,993.33     |
| Administrative Appeals     | -                                | -                               | -                                | 6,160.00                        | 6,160.00         |
| Court Improvement          | 2,700.00                         | 527.50                          | -                                | -                               | 3,227.50         |
| Bail/Bond Forfeiture       | -                                | 200.00                          | 3,675.00                         | 16,158.01                       | 20,033.01        |
| Witness Fees               | 449.00                           | -                               | -                                | 76.00                           | 525.00           |
| Constable Fees             | -                                | -                               | -                                | 20,330.00                       | 20,330.00        |
| Registration Fees          | -                                | -                               | -                                | 1,070.00                        | 1,070.00         |
| Bad Checks                 | -                                | 285.00                          | 134.90                           | -                               | 419.90           |
| Cash Overage               | -                                | -                               | 52.10                            | -                               | 52.10            |
| Due Other Courts           | -                                | 21,424.00                       | 10,201.00                        | -                               | 31,625.00        |
| Drug                       | 7,913.00                         | 14,428.50                       | 12,802.00                        | 36,247.50                       | 71,391.00        |
| Support                    | 56,899.25                        | 138,617.66                      | 75,621.67                        | 301,265.30                      | 572,403.88       |
| Prostitution               | -                                | -                               | -                                | 13,348.50                       | 13,348.50        |
| Warrant Assessment         | 7,818.50                         | 48,735.50                       | 22,770.50                        | 147,587.49                      | 226,911.99       |
| Domestic Abuse             | 2,688.00                         | 7,057.50                        | 3,832.60                         | 20,475.50                       | 34,053.60        |
| Violent Crimes             | 64,014.90                        | 128,008.76                      | 74,497.50                        | 232,011.48                      | 498,532.64       |
| Miscellaneous              | 8,651.35                         | -                               | -                                | 4,987.54                        | 13,638.89        |
| City/Town Fines            | 171.50                           | 288.50                          | 340.00                           | -                               | 800.00           |
| City/Town Costs            | 14.00                            | 31.50                           | 213.50                           | -                               | 259.00           |
| Overpayments               | 126.00                           | 121.02                          | 837.00                           | 1,539.15                        | 2,623.17         |
| Due Bail/Deposit Error     | -                                | 300.00                          | 200.00                           | -                               | 500.00           |
| Error Adjustments          | -                                | 1,924.00                        | 105.00                           | -                               | 2,029.00         |
| <br>Total Cash Receipts    | <br>\$ 585,295.48                | <br>785,809.02                  | <br>867,287.56                   | <br>4,050,371.44                | <br>6,288,763.50 |



DISTRICT COURT OF RHODE ISLAND  
FEES, FINES AND COSTS FUND  
COMBINING STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2000

|   | <u>Second<br/>Division</u> | <u>Third<br/>Division</u> | <u>Fourth<br/>Division</u> | <u>Sixth<br/>Division</u> | <u>Total</u>        |
|---|----------------------------|---------------------------|----------------------------|---------------------------|---------------------|
| <u>Cash Disbursements</u>                                       |                            |                           |                            |                           |                     |
| Fines   | \$ 55,882.31               | 179,936.71                | 95,812.28                  | 408,473.86                | 740,105.16          |
| Officer Fees/Costs  | 3,475.50                   | 8,617.50                  | 5,804.27                   | 18,652.62                 | 36,549.89           |
| Highway Assessment  | 32,130.50                  | 38,567.50                 | 49,535.56                  | 103,795.22                | 224,028.78          |
| Emergency Medical Services                                      | 307.00                     | 963.50                    | 459.00                     | 2,028.50                  | 3,758.00            |
| Civil Action Fees   | 71,100.00                  | 131,447.00                | 62,385.00                  | 753,610.00                | 1,018,542.00        |
| Small Claims Fees   | 12,760.00                  | 26,105.24                 | 11,605.00                  | 117,772.52                | 168,242.76          |
| Postage   | 1,914.18                   | 2,401.71                  | 1,625.25                   | 9,631.48                  | 15,572.62           |
| Civil Appeals   | 2,780.46                   | 6,746.86                  | 4,240.00                   | 29,478.00                 | 43,245.32           |
| Certified Copies  | 188.00                     | 652.06                    | 631.00                     | 1,706.50                  | 3,177.56            |
| Surcharge   | 11,905.46                  | 28,421.50                 | 20,861.73                  | 107,501.21                | 168,689.90          |
| Banner  | 241,406.57                 | -                         | 409,045.70                 | 1,696,541.06              | 2,346,993.33        |
| Administrative Appeals  | -                          | -                         | -                          | 6,160.00                  | 6,160.00            |
| Court Improvement   | 2,700.00                   | 527.50                    | -                          | -                         | 3,227.50            |
| Bail/Bond Forfeiture  | -                          | 200.00                    | 3,675.00                   | 16,158.01                 | 20,033.01           |
| Unclaimed Bail  | -                          | -                         | -                          | 958.96                    | 958.96              |
| Constable Fees  | -                          | -                         | -                          | 20,330.00                 | 20,330.00           |
| Registration Fees   | -                          | -                         | -                          | 1,070.00                  | 1,070.00            |
| Bad Checks  | -                          | 285.00                    | 134.90                     | -                         | 419.90              |
| Cash Overage  | -                          | -                         | 52.10                      | 137.58                    | 189.68              |
| Due Other Courts  | -                          | 21,424.00                 | 10,201.00                  | 3,891.00                  | 35,516.00           |
| Drug  | 7,913.00                   | 14,428.50                 | 12,802.00                  | 36,247.50                 | 71,391.00           |
| Support   | 56,899.25                  | 138,617.66                | 75,621.67                  | 301,265.30                | 572,403.88          |
| Prostitution  | -                          | -                         | -                          | 13,348.50                 | 13,348.50           |
| Warrant Assessment  | 7,818.50                   | 48,735.50                 | 22,770.50                  | 147,587.49                | 226,911.99          |
| Domestic Abuse  | 2,688.00                   | 7,057.50                  | 3,832.60                   | 20,475.50                 | 34,053.60           |
| Violent Crimes  | 64,014.90                  | 128,008.76                | 74,497.50                  | 232,011.48                | 498,532.64          |
| City/Town Fines   | 171.50                     | 288.50                    | 340.00                     | -                         | 800.00              |
| City/Town Costs   | 14.00                      | 31.50                     | 213.50                     | -                         | 259.00              |
| Overpayments  | 103.50                     | 121.02                    | 837.00                     | 1,539.15                  | 2,600.67            |
| Due Bail/Deposit Error  | -                          | 300.00                    | 200.00                     | -                         | 500.00              |
| Error Adjustments   | 9,122.85                   | 1,924.00                  | 105.00                     | -                         | 11,151.85           |
| Total Cash Disbursements  | <u>585,295.48</u>          | <u>785,809.02</u>         | <u>867,287.56</u>          | <u>4,050,371.44</u>       | <u>6,288,763.50</u> |
| Excess (Deficiency) Of Cash Receipts<br>Over Cash Disbursements | -                          | -                         | -                          | -                         | -                   |
| Cash Balance, Beginning   | -                          | -                         | -                          | -                         | -                   |
| Cash Balance, Ending  | <u>\$ -</u>                | <u>-</u>                  | <u>-</u>                   | <u>-</u>                  | <u>-</u>            |

DISTRICT COURT OF RHODE ISLAND  
BAIL, BOND AND REGISTRY OF COURT FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2000

|                       | <u>Second<br/>Division</u> | <u>Third<br/>Division</u> | <u>Fourth<br/>Division</u> | <u>Sixth<br/>Division</u> | <u>Total</u>        |
|-----------------------|----------------------------|---------------------------|----------------------------|---------------------------|---------------------|
| <u>ASSETS</u>         |                            |                           |                            |                           |                     |
| Cash                  | \$ 122,369.02              | 118,208.50                | 89,473.75                  | 1,284,861.98              | 1,614,913.25        |
| Due from General Fund | <u>-</u>                   | <u>146.30</u>             | <u>-</u>                   | <u>2,484.31</u>           | <u>2,630.61</u>     |
| Total Assets          | <u>\$ 122,369.02</u>       | <u>118,354.80</u>         | <u>89,473.75</u>           | <u>1,287,346.29</u>       | <u>1,617,543.86</u> |
| <u>LIABILITIES</u>    |                            |                           |                            |                           |                     |
| Due to General Fund   | \$ 3,250.36                | 249.44                    | 454.25                     | 33,908.45                 | 37,862.50           |
| Due to Others         | <u>119,118.66</u>          | <u>118,105.36</u>         | <u>89,019.50</u>           | <u>1,253,437.84</u>       | <u>1,579,681.36</u> |
| Total Liabilities     | <u>\$ 122,369.02</u>       | <u>118,354.80</u>         | <u>89,473.75</u>           | <u>1,287,346.29</u>       | <u>1,617,543.86</u> |

DISTRICT COURT OF RHODE ISLAND  
BAIL, BOND AND REGISTRY OF COURT FUND  
COMBINING STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2000

|   | <u>Second<br/>Division</u> | <u>Third<br/>Division</u> | <u>Fourth<br/>Division</u> | <u>Sixth<br/>Division</u> | <u>Total</u>        |
|---|----------------------------|---------------------------|----------------------------|---------------------------|---------------------|
| <u>Cash Receipts</u>  |                            |                           |                            |                           |                     |
| Cash Bail   | \$ 112,457.93              | 181,136.16                | 211,476.56                 | 1,227,916.12              | 1,732,986.77        |
| 10% Surety  | 61,925.00                  | 99,559.50                 | 57,000.00                  | 351,979.00                | 570,463.50          |
| Bond/Private Complaint  | -                          | 600.00                    | -                          | 50.00                     | 650.00              |
| Registry Of Court   | 7,250.00                   | 5,732.00                  | 9,586.71                   | 64,559.87                 | 87,128.58           |
| Miscellaneous:  |                            |                           |                            |                           |                     |
| Recording Fees  | 130.00                     | 1,950.00                  | 208.00                     | 4,784.00                  | 7,072.00            |
| Due To Other Courts   | 230.00                     | 5,540.79                  | 623.50                     | 600.00                    | 6,994.29            |
| Escheated Checks  | -                          | 1,825.77                  | -                          | 1,372.00                  | 3,197.77            |
| Interest  | 2,210.15                   | 2,086.75                  | 1,697.11                   | 22,731.30                 | 28,725.31           |
| Other   | -                          | 1,150.00                  | 172.50                     | 329.00                    | 1,651.50            |
| Total Cash Receipts   | <u>184,203.08</u>          | <u>299,580.97</u>         | <u>280,764.38</u>          | <u>1,674,321.29</u>       | <u>2,438,869.72</u> |
| <u>Cash Disbursements</u>                                       |                            |                           |                            |                           |                     |
| Payment Of Fines & Costs  | 41,714.00                  | 83,542.50                 | 62,084.00                  | 237,162.49                | 424,502.99          |
| Returned Bail   | 62,704.00                  | 108,377.71                | 84,143.87                  | 395,683.23                | 650,908.81          |
| Bail/Surety Forfeiture  | -                          | 506.50                    | 7,025.00                   | 42,307.01                 | 49,838.51           |
| Transfer To Superior Court                                      | 40,973.00                  | 49,943.50                 | 74,483.50                  | 722,324.15                | 887,724.15          |
| Bond Return   | -                          | -                         | -                          | 13,200.00                 | 13,200.00           |
| Registry Of Court Return  | 2,250.00                   | 12,572.01                 | 9,109.71                   | 54,738.07                 | 78,669.79           |
| Miscellaneous:  |                            |                           |                            |                           |                     |
| Recording Fees  | 208.00                     | 1,454.00                  | 559.00                     | 6,004.00                  | 8,225.00            |
| Transfer Of Interest  | 1,215.35                   | 2,039.37                  | 1,405.29                   | -                         | 4,660.01            |
| Intrafund Transfer  | -                          | -                         | 9,121.71                   | -                         | 9,121.71            |
| Transfer To Sixth Division                                      | 1,100.00                   | 6,904.94                  | -                          | -                         | 8,004.94            |
| Transfer To Third Division                                      | -                          | -                         | 1,441.50                   | 5,774.50                  | 7,216.00            |
| Transfer To Fourth Division                                     | 850.00                     | 1,645.00                  | -                          | 1,878.00                  | 4,373.00            |
| Transfer To Second Division                                     | -                          | -                         | 939.50                     | 1,381.50                  | 2,321.00            |
| Restitution   | 1,880.08                   | 4,872.53                  | 1,482.19                   | 9,725.62                  | 17,960.42           |
| Overpayments  | -                          | 3,600.00                  | -                          | -                         | 3,600.00            |
| Escheated Checks  | -                          | 1,825.77                  | -                          | -                         | 1,825.77            |
| Other   | -                          | 597.75                    | 3,395.25                   | 1,110.84                  | 5,103.84            |
| Total Cash Disbursements  | <u>152,894.43</u>          | <u>277,881.58</u>         | <u>255,190.52</u>          | <u>1,491,289.41</u>       | <u>2,177,255.94</u> |
| Excess (Deficiency) Of Cash Receipts<br>Over Cash Disbursements | 31,308.65                  | 21,699.39                 | 25,573.86                  | 183,031.88                | 261,613.78          |
| Cash Balance, Beginning   | <u>91,060.37</u>           | <u>96,509.11</u>          | <u>63,899.89</u>           | <u>1,101,830.10</u>       | <u>1,353,299.47</u> |
| Cash Balance, Ending  | <u>\$ 122,369.02</u>       | <u>118,208.50</u>         | <u>89,473.75</u>           | <u>1,284,861.98</u>       | <u>1,614,913.25</u> |

DISTRICT COURT OF RHODE ISLAND  
AGENCY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2000

**FINDINGS AND RECOMMENDATIONS**

**Introduction**

The findings and recommendations contained in this report are offered as constructive suggestions for improving the Court's operating procedures and internal controls. They are not intended to reflect on the capability or integrity of any employee. Further, matters discussed in this report are not intended to imply that our tests failed to disclose commendable features in the court's current operating procedures. However, from the standpoint of practicality, this report is limited to situations which merit or could benefit from corrective action.

To assist management in understanding the internal control structure a brief description and explanation of its elements follows:

Internal control encompasses all the steps and actions developed by management to ensure efficient and effective organizational operations and includes all the methods used to safeguard assets, to promote accuracy and reliability of the organization's accounting data and records, to encourage compliance with all policies and procedures prescribed by management, and to promote the operational efficiency of the organization.

- Control Environment - represents management's commitment to control and includes such factors as management's philosophy and operating style, organizational structure, assignment of authority and responsibility, and human resource policies and practices.
- Risk Assessment - involves the policies and procedures management uses to identify and manage the risk that the financial statements might be misstated. Risk assessment deals with how management makes sure that all transactions are reflected at the correct amounts.
- Control Activities - are policies and procedures put in place to make sure that management's directives are carried out and pertain to performance reviews, information processing, physical controls, and segregation of duties.
- Information and Communication - consists of the accounting system, including methods and records to record, summarize, process, and report events and transactions; maintaining accountability for assets, liabilities, and equity; and includes the methods for providing an understanding of individual rules and responsibilities pertaining to internal control.

- Monitoring - is a process to assess the quality of internal control performance. It involves assessing the design and operation of controls over time and taking corrective action when necessary.

### **Table of Findings and Recommendations - by Division**

The findings contained in this report are discussed below. To aid court administrators, we have included the following table to identify those divisions which are affected by the findings contained herein.

| <b>DISTRICT COURT<br/>FINDINGS</b>           | <b>DIVISIONS</b> |            |            |            |
|--|------------------|------------|------------|------------|
|  | <b>2ND</b>       | <b>3RD</b> | <b>4TH</b> | <b>6TH</b> |
| Organizational Structure of the State Courts | ✓                | ✓          | ✓          | ✓          |
| Policies and Procedures Manual               | ✓                | ✓          | ✓          | ✓          |
| Fees, Fines and Costs Fund:                  |                  |            |            |            |
| Accounts Receivable Collection Efforts       | ✓                | ✓          | ✓          | ✓          |
| Inaccurate Accounts Receivable Listings      | ✓                | ✓          | ✓          | ✓          |
| Bail / Registry Account:                     |                  |            |            |            |
| Accounting System                            | ✓                | ✓          | ✓          | ✓          |
| Altered Checks                               |                  | ✓          |            | ✓          |
| Separation of Duties                         | ✓                | ✓          | ✓          | ✓          |
| Untimely Remittance of Interest              |                  |            |            | ✓          |
| Reconciliation of Subsidiary Bail / Registry |                  |            |            |            |
| Accounts                                     | ✓                | ✓          | ✓          | ✓          |
| Excess Cash on Demand Deposit                |                  |            |            | ✓          |

### **Organizational Structure of the State Courts**

In our opinion, RIGL 8-15-9 created a finance section within the judiciary. We are addressing this issue as part of this report since it impacts on our findings and recommendations made to the District Court.

Pursuant to RIGL 8-15-9, the Finance Director is given the authority to oversee all monetary policies and procedures and provide reports on financial position and the results of operations. However, RIGL 8-8-16 states that "every clerk of the district court shall...and account with the state controller and pay over to the general treasurer, as often as by law required, all fines, costs, and other

money received by him or her..." As a result of RIGL 8-8-16 and court procedures, the accounting function for "cash" is centralized at the finance department located in the Supreme Court while the "account receivables" function is decentralized with the individual district court clerks even though the Finance Director has the responsibility to oversee all monetary policies and procedures.

### **Recommendation**

1. In order for the Finance Director to actually oversee all monetary policies and procedures, the Rhode Island Judiciary needs to establish a statewide registry for all courts operating under the finance department in the Supreme Court.

### **Policies and Procedures Manual**

District Court (DC) does not have an updated policies and procedures manual. The court's existing operations manual was published in July 1977 and is severely outdated. Major revisions to the manual are needed to reflect present rules, policies, and procedures.

An updated policies and procedures manual should be maintained to provide administrators, supervisors, and employees with a systematic approach to the implementation of policies, plans, and work routines. A properly developed manual would convey management's philosophies, improve communications, improve productivity, reduce training time, and strengthen operations.

Policies incorporated in the manual should provide the guidance needed to make informed decisions within the framework of the courts' objectives, goals, and management philosophies while procedures should provide an established way to do things (a series of steps to be followed in a definite regular order to ensure a consistent and repetitive approach to actions).

Prior to organizing and compiling information in preparation for writing the manual, the following steps should be considered:

- Select the appropriate personnel who will have the authority and the responsibility for preparing specific sections of the manual and who will have the ultimate authority over the entire manual.
- Determine the desired content of the manual including what should and should not go into the manual.
- Outline the major sources of information for the manual.

- Determine an appropriate communication format for policy and procedure statements to ensure that all employees write them for clarity and understanding.
- Determine the final format and organization of the manual.

### **Recommendation**

2. Establish a policies and procedures manual or alternatively revise the courts existing outdated operations manual which was published in July 1977.

### **Fees, Fines, and Costs Account:**

Accounts Receivable Collection Efforts. DC utilizes reports generated by the Banner Information System to identify costs not paid in full within one month of the original assessment date. Delinquent accounts are flagged by the system and are entered on the court calendar for a subsequent appearance. Additional efforts have also been made by the Supreme Court Administration (SCA) which has enlisted the services of a collection agency to actively pursue delinquent accounts.

We did, however, note that DC does not routinely leverage its collection efforts by invoking the sanctions accorded the Judiciary under the following statutes:

- Section 31-11-25 regarding the suspension of a driver's license until assessments are satisfied. This section would be limited to unpaid fines and costs imposed for a violation of the "Motor Vehicle Code."
- Section 44-30.1-3 regarding set-off of personal income tax refunds to satisfy unpaid assessments. This provision was enacted June 2, 1988 as part of P.L. 1988 Chapter 208 and applies to unpaid court costs, fines, and restitution. It requires the Court (the claimant) to notify debtors to allow them an administrative hearing. Although this process may incur additional tasks, some departments such as Higher Education (student loans), Administration (child enforcement) and Labor and Training (excess T.D.I. and Workers Compensation benefits) have been successful.

### **Recommendation**

3. The Judiciary should consider invoking the sanctions provided by RIGL 31-11-25 and 44-30.1-3 to maximize collections.

**Inaccurate Accounts Receivable Listings.** As part of our audit of the fees, fines, and costs account, we performed tests of accounts receivable. Our selection process utilized the results obtained from a computer generated random sample of 73 open cases that were extracted from the receivables listings for June 30, 2000. Our tests compared accounts receivable balances selected to those contained in case files. Our test results are included in the table below:

|                            | D I V I S I O N S |                 |                 |                 |                 |
|----------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
|                            | 2 <sup>nd</sup>   | 3 <sup>rd</sup> | 4 <sup>th</sup> | 6 <sup>th</sup> | All             |
| <b>Receivable Data:</b>    |                   |                 |                 |                 |                 |
| Receivable Balance         | \$ 514,633.93     | \$ 1,717,020.24 | \$ 790,793.65   | \$ 5,982,262.93 | \$ 9,004,710.75 |
| Number of Cases            | 2,005             | 6,892           | 2,646           | 26,017          | 37,560          |
| <b>Cases &gt; \$5,000:</b> |                   |                 |                 |                 |                 |
| Receivable Balance         | \$ -              | \$ 37,061.99    | \$ 35,845.48    | \$ 16,700.08    | \$ 89,607.55    |
| Number of Cases            | 0                 | 2               | 4               | 1               | 7               |
| Errors Discovered          | \$ -              | \$ 36,968.49    | \$ 27,482.48    | \$ 16,553.00    | \$ 81,003.97    |
| Error Rate                 | 0.00%             | 99.75%          | 76.67%          | 99.12%          | 90.40%          |
| <b>Cases Sampled:</b>      |                   |                 |                 |                 |                 |
| Receivable Balance         | \$ 1,130.50       | \$ 2,980.50     | \$ 2,968.50     | \$ 13,636.00    | \$ 20,715.50    |
| Number of Cases            | 4                 | 13              | 5               | 51              | 73              |
| Errors Discovered          | \$ 899.00         | \$ 400.00       | \$ -            | \$ 2,571.00     | \$ 3,870.00     |
| Error Rate                 | 79.52%            | 13.42%          | 0.00%           | 18.85%          | 18.68%          |
| <b>Projected Error</b>     |                   |                 |                 |                 |                 |
| Population Error           | \$ 409,249        | \$ 225,472      | \$ -            | \$ 1,124,805    | \$ 1,667,097    |

We computed the projected population error by applying the error ratio to total population dollars. Cases which had a balance in excess of \$5,000 were excluded from our projection because they represented 100% of the strata examined.

As a result of our tests, total population error was determined to be \$1,748,100.97 or 19.41% of the receivable balance at June 30, 2000. This balance is composed of projected sampling error (\$1,667,097) and actual dollar errors identified for cases with balances in excess of \$5,000 (\$81,003.97). Many of the errors discovered may have resulted from the lack of data validation when the accounts receivable data was converted from the Courts former "Promis System" to its present "Banner System."

An accurate accounts receivable listing is a control statement that documents the total of all outstanding accounts. This listing should be periodically reviewed and compared to case files to ensure that balances are properly stated. Inaccurate receivable balances carried on the listings prevent administrators from effectively using and enforcing collection efforts.



In conclusion, the results of our tests indicated that the accounts receivable listings for all divisions contained errors; thus the balances carried by the divisions at June 30, 2000 were inaccurate. Only those cases which have valid receivable balances that are owed to the courts should be included as receivables on the listings.

### **Recommendations**

4. DC should work with the SCA to identify and correct inaccurate accounts receivable balances presently in the system.
5. Develop procedures to periodically monitor accounts receivable (i.e., verify receivable balances included on listings to balances contained in case files).
6. Develop system reports to aid management in monitoring and assessing control activities related to accounts receivables. Consider developing the following reports for management's review and analysis:
  - A daily activity report which includes the previous day's opening balances, assessments, collections, and ending balances.
  - A monthly activity report which includes the prior month balances, assessments, payments, and ending balances.
  - An aging report to identify outstanding balances by date of assessment and last date of payment.

### **Bail / Registry Account:**

Accounting System. DC does not have a formal accounting system for its bail and registry accounts. The financial records maintained for these accounts are commingled and are insufficient to properly safeguard, monitor, and account for these assets which are held in trust. Further, the records maintained are insufficient for financial reporting and do not conclusively demonstrate that the court has satisfactorily discharged its fiduciary responsibilities.

An accounting system consists of methods and procedures used to identify, classify, and record financial transactions. As the volume of transactions under the courts' jurisdiction continues to increase and becomes more complex, the need for a formal accounting system becomes more acute.

## **Recommendation**

7. Establish a formal accounting system throughout the divisions to provide accountability, enhance financial reporting, and to conclusively demonstrate the discharge of the court's fiduciary responsibilities.

Altered Checks: Tests of checks disbursed from the bail account turned up two altered checks that were not detected during the normal bank reconciliation process (check # 10946, dated 12/1/97 and check # 11193, dated 6/23/98). These checks were written for \$5.50 and \$6.50 by the 6<sup>th</sup> and 3<sup>rd</sup> Divisions respectively. Both checks were altered and cashed for \$50.50 and \$60.50, a difference of \$45.00 and \$54.00, respectively. The differences --though not significant-- were listed as bank errors and carried forward each month without resolution. In addition to the two checks noted, we became aware of a third incident involving an altered check; however, this incident was detected by the 6<sup>th</sup> Division bookkeeper and was reported to the appropriate authorities.

The way the above-noted checks were handled is of more concern than their dollar values. The courts' inability to resolve reconciling items in a timely manner increases the possibility for errors or irregularities to go undetected and we believe this to be a significant deficiency.

Because the bail account issues manually prepared checks, administrators should take precautionary measures to insure that check amounts cannot be raised.

## **Recommendations**

8. Initiate the use of a check protector to safeguard against the alteration of check amounts.
9. Resolve all differences between the book and bank balances discovered during the reconciliation process.

Separation of Duties. Throughout the court divisions, the same employees that are responsible for collecting, disbursing, and recording data for the bail/registry accounts are also responsible for performing monthly bank reconciliations. A critical element to an effective system of internal control is the separation of duties (separate authorization, recordkeeping, and custody). The lack of separation of duties increases the possibility that misappropriations, errors, and irregularities may occur and go undetected. We recognize that insufficient staffing levels combined with the small size of some divisions may make it difficult to provide the appropriate level of separation required.

To minimize the court's exposure, we believe that it would be prudent to assign an employee that has no other work related duties to independently review recorded receipts and disbursements and to have bank reconciliations performed by an employee or a member of management that is independent of the cash receipting, disbursing, and recording functions for the bail/registry account.

## **Recommendations**

10. Bank reconciliations should be performed by an employee or a member of management that is independent of the cash receipting, disbursing, and recording functions for the bail/registry account.
11. An employee with no related bail/registry account responsibility should be assigned to periodically perform an independent review of cash transactions.

**Untimely Remittance of Interest.** Audit work performed on the 6th Division bail/registry account disclosed that interest for the period from December 1998 through June 2000, totaling \$33,588.45 had not been remitted to the General Treasurer. Our examination of cash transactions also disclosed that there were no other remittances made to the General Treasurer during this same period. Further analysis has showed that for the period from July 1995 through November 1998 remittances to the General Treasurer were not made within the time frame established for the deposit of state funds. RIGL 11-28-1 requires all state money to be remitted to the general treasurer within (7) seven business days of its receipt.

## **Recommendation**

12. Remit all interest earned to the general treasurer within the time frame established by RIGL 11-28-1 and performs independent reviews to insure compliance with this statute.

**Reconciliation of Subsidiary Bail/Registry Accounts.** All district court divisions maintain cash receipts and cash disbursement journals as their books of original entry; however, none of the divisions maintain a general ledger or subsidiary ledger (a computer listing details for individual open bail and registry slips) to account for and to ensure accounting integrity within the fund.

Open bail and registry slips are presently maintained in numerical stacks that are approximately 2 to 3 inches in thickness and are bound only by rubber bands, and there are no reconciliations performed between open bail and registry accounts to cash on deposit in the checking account. Consequently, DC has not determined if there is agreement between open bail and registry accounts and cash on deposit in the checking account.

Also, there are no established policies or procedures in place to provide guidance on how to identify, report, and dispose of inactive accounts. Consequently, inactive accounts are not segregated and reported in accordance with Section 8-12-1 of the R.I. General Laws (Unclaimed Funds in Court Registries).

## Recommendations

13. Implement the use of a computer system or data base program to account for and maintain a record of all open accounts (bail, surety, registry, etc.).
14. Reconcile the total for all open accounts to the cash balance on deposit in the checking account to ensure accounting integrity within the fund.
15. Comply with the filing requirements imposed by RIGL 8-12-1.
16. Periodically review bail and registry accounts to identify active and inactive accounts. Those accounts identified as inactive should be reported and disposed of in accordance with RIGL 8-12-1 (Unclaimed Funds in Court Registries).
17. Establish and account for monies held for bail and registry separately, by establishing separate funds for each.

Excess Cash on Demand Deposit. The cash balance on deposit in the 6<sup>th</sup> Division's bail/registry account is in excess of current needs. Our analysis of this account for the fiscal years 1996 through 2000 indicated that the average cash balance on deposit was \$1,014,000. The checking account balance for this fund has averaged an increase of approximately \$102,000 for each of the years cited. At June 30, 2000 the cash balance was \$1,284,861.98.

Based upon analytical trends, the account's cash balance has steadily increased. As such, we believe that excess funds retained in this account should be transferred to the General Treasurer to maximize the states earnings potential and to minimize control risk.

DC and SCA management should make every effort to establish this account to operate on an imprest basis. Court administrators should discuss this option with the Office of Accounts and Control and with the General Treasurer's Office to work out the details for transition. As an example, the account could operate with a \$150,000 imprest balance and at preestablished intervals (e.g., month end or quarter end) excess funds could be transferred to the general treasurer for investment. Replenishment of the account to its preestablished balance, if necessary, could be accomplished through the use of Electronic Funds Transfer.

### **Recommendations**

18. DC and SCA management should make every effort to establish the bail/registry cash account on an imprest basis.
19. Provisions should be worked out with the Office of Accounts and Control and with the General Treasurer's Office to transfer all excess cash on deposit to an online state account.